

**INFORMATIONAL UPDATE IN CONNECTION WITH NASSAU COUNTY'S
RFP # CE0812-0557 ENTITLED "REQUEST FOR PROPOSALS FOR THE
REDEVELOPMENT OF THE NASSAU VETERANS MEMORIAL COLISEUM SITE"**

**NOTICE OF POSTPONED PUBLIC MEETING AND
CLARIFICATION QUESTIONS ISSUED TO DEVELOPERS**

Notice is hereby given that the public meeting in connection with this RFP for the redevelopment of the Coliseum site, originally scheduled to be held at 10:00 a.m. on Thursday, October 27, 2005 at One West Street, Mineola, New York 11501 on the fifth floor, has been postponed to a date to be mutually agreed upon to provide sufficient time for developers to respond to clarification questions. The rescheduled date for the public meeting will be posted on the Nassau County website at www.nassaucountyny.gov under PUBLIC NOTICES/RFPs. The following questions were issued to the developers. Responses will be posted on the Nassau County website.

PART 1: GENERAL CLARIFICATION QUESTIONS

- 1) **PROGRAM:** Please provide detailed program information for each use. For residential, retail, commercial office, and other uses please describe:
 - a. Total square footage by type
 - b. Total number of buildings by type
 - c. Expected tenancy (by type of business, family size, etc)
 - d. Expected rent/sales price per square foot
 - e. Expected absorption and occupancy rates at stabilization
 - f. Schedule for commencement, completion, and occupancy of development
 - g. Unit mix for residential, and estimated size of retail tenancies
 - h. Total number of workforce housing units, expected subsidy levels, and anticipated income requirements.
- 2) **PROPERTY VALUE:** Please provide detailed information about the value of the developed property, including but not limited to:
 - a. Sales per Square Foot for Condominiums
 - b. Rental price per Square Foot for Rentals
 - c. Average Sales Price by Size of Unit
 - d. Annual sales per square foot for retail space
 - e. Estimated Average Daily Room Rate (ADR) if applicable

- 3) **PARKING:** Please provide a parking program for your development, indicating in detail the number of parking spaces and the type of parking (e.g., Deck, Surface, Underground) you plan to build at the site.
 - a. How will that parking be allocated, or will it be shared by all facilities at the site?
- 4) **ZONING:** Please outline the relationship between your proposal and existing local zoning regulations. Discuss any variation from “as-of-right” zoning in terms of height, bulk, use, parking regulations, and other issues.
 - a. Explain a strategy to secure local land use approvals.
- 5) **SCHEDULE:** Please provide a detailed schedule of the pre-development, construction, and development phases of your proposal. Include your estimates of the timing of any approvals, payments to and from the County, and any key “trigger” events to payments for leases and/or other items.
- 6) **PAYMENTS AND GUARANTEES.**
 - a. What contingencies or conditions, if any, are tied to any lease payments and/or donations of land to the County?
 - b. What guarantees (if any) will you provide in the event you are unable to secure approvals or financing, or otherwise do not complete any aspect of this project by stated deadlines?

PART 2: QUESTIONS SPECIFIC TO INDIVIDUAL PROPOSERS

POLIMENI INTERNATIONAL PROPOSAL

- 1) **COUNTY OFFICE SPACE:**
 - a. Please describe in greater detail your proposal to build a 600,000 square foot County office building:
 - i. To what standards would the new County building be developed?
 - ii. How involved would the County be in the design and layout of the new building?
 - iii. Who would be responsible for any cost overruns/change orders?
 - iv. Is the \$75,000,000 a not –to-exceed amount?
 - v. How much parking will be available with the building? Will the parking also be “donated”?
 - vi. Since the County currently owns the land, should the donation of the land be counted as a direct benefit to the County?
 - b. You have estimated the potential revenue from land sales by the County of buildings occupied by agencies that would move to the newly constructed buildings on the 77-acre site.
 - i. What County buildings were included that you recommend the County sell?
 - ii. By what method or what was the basis of the \$165mm estimate in value for the properties that you propose that the County sell?

- iii. What is the basis for the \$150 per square foot sales estimate that you used in the proposal?
- iv. What is the current market for the sale of 1,100,000 square feet of existing office space to be vacated by the County?
- v. What is your estimate of the timing for the sale of the space?
- vi. Your proposal indicates the same property tax revenue per square foot for the existing County buildings as the new building that you propose for the County and the new office building that you have proposed for the development. What is the basis for the \$6 per square foot estimate for calculating annual property tax revenue?
- c. What would the terms, length and cost (more detail than just the 30-year period you mention), of the proposed lease space for the Police Department and Department of Social Services be?
 - i. In September 2005, the Department of Social Services completed a move to a new leased location at 60 Charles Lindbergh Ave. along with several other Health and Human Services agencies as part of a County Executive initiative called “No Wrong Door”. Has this new lease been factored into your proposal at all, and specifically to the net benefit the County is expected to receive under your proposal? If so, how?

2) **RETAIL / ENTERTAINMENT:** Would sports-related retail facilities (such as ESPN Zone) be part of the redevelopment of the Coliseum or as a part of the development of the remaining site? Would venues mentioned above be part of the revenue enhancement to the Coliseum that the development team would share as a benefit of the upgraded Coliseum?

3) **SPORTS DEAL COMPONENT:** You have indicated in your proposal that the Cordish Company is in a position to assume management of the facility or negotiate with SMG to extend their contract, PROVIDED the contract is modified to reflect a more realistic profit to the new owners.

- a. In the case that SMG is unwilling to renegotiate the terms of their existing lease agreement with the County to manage the Coliseum, how do you propose to handle management between now and the end of the lease agreement in 2015 with SMG?
- b. If SMG is unwilling to negotiate a new deal (and assuming the County does NOT want to exclude the Coliseum component from the deal), do you propose that the existing lease agreement by and between the County and SMG will remain in effect despite the Coliseum being owned by the Polimeni Group? If not, please explain in detail your plans to terminate the lease agreement.
- c. What specific experience does the Cordish Company have with managing sports arenas, particularly those that are the size and type of operation of the Coliseum? Would your team bring in an experienced facility manager or management company?
- d. How realistic is the potential to extend the lease with the Islanders assuming the development teams need to share in the “benefits of the upgraded Coliseum” and modifying the contract to a “more realistic profit”?
- e. What are your expectations for a more realistic profit? What types of revenues would you anticipate you would need from the Islanders/Coliseum?

- f. If an extension agreement with the Islanders cannot be reached, what are the plans for the future use of the Coliseum? Is the \$150mm planned renovation contingent upon the Islanders agreeing to extend their lease to play in the Coliseum beyond 2015?
 - g. Is the Cordish Company in a position to replace the Islanders/Dragons with a comparable professional sports franchise?
- 4) **COLISEUM RENOVATION / IMPROVEMENTS:** Your proposal indicates that no less than \$150million would be spent to renovate the Coliseum.
- a. Does the \$150mm include the expense to build parking needed for the renovated Coliseum or is that expense exclusive?
 - b. What is the schedule for construction for a renovated facility?
 - c. Who will assume responsibility for maintenance costs and when will they assume them?
 - d. What will be the key programmatic elements of a renovation?

ENGEL BURMAN PROPOSAL

1. **LEASE PAYMENTS:**
- a. In your proposal you offer a 99-year lease term for 40 acres and a 99-year lease term for 37 acres for \$2.4mm per year and \$3.0mm per year, respectively.
 - i. Are those payments flat throughout the 99-year lease term or do they include an escalation or inflator over time?
 - b. For the 40-acre parcel you propose that you have the ability to purchase the fee in four separate stages.
 - i. What stages would they be? Would it be time-based or project deliverable based?
 - ii. Would the four payments be flat or adjusted?
 - c. For the 37-acre parcel you indicate in your proposal that its inclusion in the deal is subject to Nassau County condemning the existing lease holds.
 - i. When would you propose the condemnation take place? The current lease term for the Coliseum is through 2015.
 - ii. Under this scenario, who would be responsible for the expenses for lease condemnation?
 - d. What contingencies or conditions, if any, are tied to the lease payments?
 - i. For example, are the lease payments the County contingent upon Engel Burman receiving zoning approvals for the 40-acre parcel, or is it unconditional (4 years after signing lease)?
2. **COLISEUM RENOVATION / IMPROVEMENTS:** Your proposal indicates that if the 37-acre site were included in the deal the Coliseum would be demolished.
- a. Who will bear the cost of demolition of the Coliseum?
 - b. What is the timing of the demolition of the Coliseum?
 - i. Is this tied to the Islanders' lease through 2015 or is it tied to the County condemning the existing lease holds?

COLISEUM REDEVELOPMENT CORP. PROPOSAL

- 1) **COLISEUM RENOVATION / IMPROVEMENTS:** Your proposal indicates that you would work with the County and Islanders to develop a redevelopment plan for the Coliseum.
 - a. Have you developed a preliminary scope for the Coliseum renovation?
 - b. Does the renovation plan assume any events other than Islanders games during the renovation period?
 - c. What are the primary differences between the \$50 million in renovations proposed by Lighthouse (per your response) and the \$150 million that you propose be spent on the Coliseum?
 - d. Would the parking garage be on the 16 acres site of the Coliseum or a part of the surrounding 61 acres? Please outline a strategy for the provision of parking including number of spaces, cost and location.
 - e. If an agreement cannot be reached for the renovation of the Coliseum, your proposal indicates that the tenant (CRC) would pay \$300 million to the County as a “Renovation Fee” in lieu of performing the renovations and providing management of the Coliseum by CRC. If the payment is made to the County and the lease is not extended with the Islanders, your proposal indicates that the Tenant can exercise the right to build an alternative sports venue and parking deck. Does the Tenant retain all of the “Renovation Fee” for the development of an alternative sports use and parking or only the portion actually spent on the alternative use venues?
 - f. If the County has received the “Renovation Fee” and the Islanders lease is extended, is the County obligated to spend the total “Renovation Fee” or only the amount agreed to by the County and the Islanders?
 - g. What rights does the County have with regards to approving the development of the alternative use venues?
 - h. What level of minor league Baseball would you propose for the project? What team would occupy the park? What are projected attendance levels, number of events, ticket prices and other projections for such a facility?
 - i. Is this an either/or scenario, or is it possible that both the renovation of the Coliseum and construction of a new baseball stadium occur?
- 2) **COLISEUM OPERATIONS:** Your proposal indicates that all direct revenue will be retained by the tenant, including ticket sales.
 - a. Does this include all revenue from ticket sales for Islanders and Dragons games?
 - b. The Islanders currently have a lease agreement with SMG and County for revenue-sharing initiatives.
 - i. How would you renegotiate the terms of an agreement with the Islanders between the County and SMG with respect to the Islanders’ guarantee of revenue from game-day events?

- ii. Is the offer for the Islanders to play “Rent Free” from the commencement of this transaction or the extension period only?
- 3) **FINANCING:** Please describe your experience in securing 90% debt financing for a project of this scale.

NOTICE OF INTENT TO REVISE SIGNIFICANT DATES SCHEDULE

Notice is hereby further given that Nassau County plans to revise the Significant Dates for the Coliseum Proposal Review which were described in the Informational Update dated October 11, 2005. All dates listed will be postponed to later dates to be determined to provide sufficient time to respond to clarification questions listed above.

Updates: *The Nassau County website at www.nassaucountyny.gov will be the primary source of information and updates regarding all questions, inquiries and assertions.*

Dated: October 21, 2005